



Tswelopele Local Municipality
(Registration number FS183)
Annual Financial Statements
for the year ended 30 June 2012

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

General Information

| | |
|--|--|
| Legal form of entity | Local Municipality |
| Nature of business and principal activities | Providing municipal services and maintain the best interests of the local community mainly in the Tswelopele area. |
| Mayoral committee | |
| Executive Mayor | Mathibe, ME |
| Councillors | Matlakala, TA (Speaker) Moalosi, PP (Chief Whip) Baleni, MS Bonokwane, MS Eseu, BP Horn, C Joubert, EC Njodina, DA Ngexe, MJ Phukuntsi, KR Raseu, MW Taedi, TT Taljaard, MJ Snyer, MM |
| Grading of local authority | Medium Capacity Grade 3 in terms of the Remuneration of Public Office Bearers Act. |
| Accounting Officer | KJ Motlhale (Municipal Manager) |
| Chief Finance Officer (CFO) | JW Young |
| Business address | Civic Centre Bosman Street Bultfontein 9670 |
| Postal address | PO Box 3 Bultfontein 9670 |
| Bankers | ABSA Bank Limited |
| Auditors | The Auditor-General of South Africa |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

| Contents | Page |
|---|-------------|
| Accounting Officer's Responsibilities and Approval | 4 |
| Statement of Financial Position | 5 - 6 |
| Statement of Financial Performance | 7 |
| Statement of Changes in Net Assets | 8 |
| Cash Flow Statement | 9 |
| Accounting Policies | 9 - 25 |
| Notes to the Annual Financial Statements | 25 - 49 |
| Appendixes: | |
| Appendix A: Schedule of External loans | 50 |
| Appendix B: Analysis of Property, Plant and Equipment | 52 |
| Appendix C: Segmental analysis of Property, Plant and Equipment | 58 |
| Appendix D: Segmental Statement of Financial Performance | 59 |
| Appendix E(1): Actual versus Budget (Revenue and Expenditure) | 61 |
| Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment) | 64 |
| Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act | 65 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Index

Abbreviations

| | |
|---------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| HDF | Housing Development Fund |
| IAS | International Accounting Standards |
| IMFO | Institute of Municipal Finance Officers |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 49, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:

K J Motlhale
Municipal Manager

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

| Figures in Rand | | Note(s) | 2012 | 2011 |
|--|--------------------------|---------|--------------------|--------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 32.20 | 4 | 15 181 704 | 7 824 931 |
| Consumer debtors | 31.20 | 5 | 6 428 236 | 7 265 556 |
| Inventories | 30.20 | 6 | 221 039 | 88 792 |
| Other receivables from non-exchange transactions | 33.20 | 7 | 4 311 139 | - |
| Receivables from exchange transactions | 31.20 | 8 | 343 449 | 167 517 |
| VAT receivable | 31.20 | 9 | 1 345 306 | 4 108 485 |
| | | | 27 830 873 | 19 455 281 |
| Non-Current Assets | | | | |
| Biological assets that form part of an agricultural activity | 22.20 | 10 | 816 680 | 1 067 100 |
| Intangible assets | 23.22 | 11 | 12 084 | 49 503 |
| Investment property | 21.20 | 12 | 15 687 000 | 18 249 000 |
| Other financial assets | 25.26-28 | 13 | 212 455 | 212 455 |
| Property, plant and equipment | 20.20 | 14 | 457 212 946 | 456 995 249 |
| | | | 473 941 165 | 476 573 307 |
| Total Assets | | | 501 772 038 | 496 028 588 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Consumer deposits | 51.20 | 15 | 478 702 | 451 907 |
| Current portion of long-term provision | 43.27 | 16 | 426 858 | 416 773 |
| Finance lease obligation | 25.29 | 17 | 601 962 | 471 706 |
| Operating lease liability | 25.29 | 18 | - | 3 609 |
| Other financial liabilities | 41.27-28 | 19 | 566 036 | 505 240 |
| Payables from exchange transactions | 51.20 | 20 | 23 714 041 | 15 401 524 |
| Unspent conditional grants and receipts | 43.20 | 21 | 2 546 130 | 2 320 438 |
| VAT payable | 51.20 | | 265 747 | - |
| | | | 28 599 476 | 19 571 197 |
| Non-Current Liabilities | | | | |
| Finance lease obligation | 25.29 | 17 | 908 595 | 1 497 390 |
| Other financial liabilities | 41.27-28 | 19 | 12 484 907 | 13 048 932 |
| Provisions | 52.20 | 22 | 3 487 351 | 3 490 500 |
| | | | 16 880 853 | 18 036 822 |
| Total Liabilities | | | 45 480 329 | 37 608 019 |
| Net Assets | | | 456 291 709 | 458 420 569 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

| Figures in Rand | Note(s) | 2012 | 2011 |
|---------------------|--------------|-------------|-------------|
| Net Assets | | | |
| Accumulated surplus | <u>40.24</u> | 456 291 709 | 458 420 569 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

| Figures in Rand | Note(s) | 2012 | 2011 |
|--|---------|----------------------|----------------------|
| Revenue | | | |
| Property rates | 24 | 6 571 275 | 5 067 801 |
| Service charges | 25 | 27 480 014 | 24 896 892 |
| Rental of facilities and equipment | | 357 738 | 439 795 |
| Interest received (trading) | | 265 387 | 340 586 |
| Fines | | 96 430 | 132 844 |
| Licences and permits | | 1 100 | 8 146 |
| Government grants and subsidies | 26 | 86 271 478 | 65 076 588 |
| Fair value adjustment on investment property | | (2 562 000) | 1 039 000 |
| Other income | 27 | 532 591 | 780 377 |
| Interest received - investment | 32 | 758 711 | 737 655 |
| Dividends received | 32 | 69 042 | 15 359 |
| Total Revenue | | 119 841 766 | 98 535 043 |
| Expenditure | | | |
| Personnel | 29 | (30 899 800) | (30 781 719) |
| Remuneration of councillors | 30 | (3 670 373) | (3 722 629) |
| Depreciation and amortisation | 33 | (31 499 158) | (31 372 004) |
| Finance costs | 34 | (1 998 095) | (2 059 767) |
| Debt impairment | 31 | (6 260 335) | (7 359 264) |
| Repairs and maintenance | | (5 503 661) | (3 129 592) |
| Bulk purchases | 36 | (23 281 099) | (17 647 016) |
| General expenses | 28 | (18 607 680) | (17 591 229) |
| Total Expenditure | | (121 720 201) | (113 663 220) |
| Fair value adjustments on biological assets | | (250 420) | (467 350) |
| Deficit for the year | | (2 128 855) | (15 595 527) |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|----------------------------------|---------------------|--------------------|
| Balance at 01 July 2010 | 474 016 096 | 474 016 096 |
| Changes in net assets | | |
| Surplus/(deficit) for the period | (15 595 527) | (15 595 527) |
| Total changes | (15 595 527) | (15 595 527) |
| Balance at 01 July 2011 | 458 420 564 | 458 420 564 |
| Changes in net assets | | |
| Surplus/(deficit) for the period | (2 128 855) | (2 128 855) |
| Total changes | (2 128 855) | (2 128 855) |
| Balance at 30 June 2012 | 456 291 709 | 456 291 709 |
| Note(s) | | |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Cash Flow Statement

| Figures in Rand | Note(s) | 2012 | 2011 |
|---|---------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 133 600 742 | 98 172 755 |
| Interest income | | 758 711 | 737 655 |
| Dividends received | | 69 042 | 15 359 |
| | | 134 428 495 | 98 925 769 |
| Payments | | | |
| Employee costs | | (36 810 998) | (34 483 553) |
| Suppliers | | (55 631 510) | (48 958 415) |
| Finance costs | | (1 604 242) | (1 688 298) |
| | | (94 046 750) | (85 130 266) |
| Net cash flows from operating activities | 37 | 40 381 745 | 13 795 503 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 14 | (31 456 319) | (14 009 826) |
| Proceeds from sale of property, plant and equipment | 14 | - | 26 818 |
| Purchase of other intangible assets | 11 | (223 117) | (211 592) |
| Net cash flows from investing activities | | (31 679 436) | (14 194 600) |
| Cash flows from financing activities | | | |
| Repayment of other financial liabilities | | (503 229) | (448 365) |
| Movement in other liability | | 10 085 | 182 300 |
| Finance lease payments | | (852 392) | (778 313) |
| Other cash item | | - | 163 992 |
| Net cash flows from financing activities | | (1 345 536) | (880 386) |
| Net increase/(decrease) in cash and cash equivalents | | 7 356 773 | (1 279 483) |
| Cash and cash equivalents at the beginning of the year | | 7 824 931 | 9 104 414 |
| Cash and cash equivalents at the end of the year | 4 | 15 181 704 | 7 824 931 |

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

1.2 Biological assets that form part of an agricultural activity

The fair value of livestock is determined based on market prices of game of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.3 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life |
|-------------------------------------|---------------------|
| Land | Indefinite |
| Buildings | 30 - 45 years |
| Leased assets | 5 years |
| Furniture and fixtures | 6 years |
| IT equipment | 3 years |
| Infrastructure | |
| • Electricity | 20 years |
| • Roads and paving | 15 - 30 years |
| • Sewerage | 20 - 30 years |
| • Water | 20 - 30 years |
| Other property, plant and equipment | 10 years |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Intangible assets (continued)

| Item | Useful life |
|--------------------------|-------------|
| Software licenses | 1 year |
| Computer software, other | 3 years |
| Websites | indefinite |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Financial instruments

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.7 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.8 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Employee benefits

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.10 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.13 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.19 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.21 Presentation of currency

These annual financial statements are presented in South African Rand.

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.23 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.24 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

3. New standards and interpretations

3.1 Standards issued and not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

Standard/ Interpretation:

GRAP 21 _ Impairment of Non-cash-generating Assets
GRAP 23 _ Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24 _ Presentation of Budget Information in Financial Statements
GRAP 26 _ Impairment of Cash-generating Assets
GRAP 103 _ Heritage Assets
GRAP 104 _ Financial Instruments

4. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|-------------------|------------------|
| Bank balances | 5 774 695 | 337 320 |
| Short-term deposits | 9 407 009 | 7 487 611 |
| | 15 181 704 | 7 824 931 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

4. Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|--|-------------------------|------------------|------------------|--------------------|------------------|------------------|
| | 30 June 2012 | 30 June 2011 | 30 June 2010 | 30 June 2012 | 30 June 2011 | 30 June 2010 |
| ABSA Bank - Cheque account - 810142227 | 5 721 504 | 306 880 | 4 779 764 | 5 721 504 | 306 880 | 4 779 764 |
| ABSA Bank - Money Market account - 9108352550 | 4 473 716 | 4 242 395 | 4 321 710 | 4 473 716 | 4 321 710 | 1 468 204 |
| Nedbank - 32 Day notice account - 03/7662023052/00000 3 | 5 028 034 | - | - | 5 028 034 | - | - |
| Stanlib - Cash Plus fund - 551621715 | - | 3 245 216 | - | - | 3 245 216 | - |
| Total | 15 223 254 | 7 794 491 | 9 101 474 | 15 223 254 | 7 873 806 | 6 247 968 |

5. Consumer debtors

Gross balances

| | | |
|----------------|-------------------|-------------------|
| Rates | 5 802 385 | 4 534 304 |
| Electricity | 2 132 672 | 2 597 530 |
| Water | 6 494 558 | 6 377 221 |
| Sewerage | 9 287 487 | 8 641 160 |
| Refuse | 6 684 078 | 6 306 135 |
| Housing rental | 1 305 522 | 1 207 121 |
| | 31 706 702 | 29 663 471 |

Less: Provision for debt impairment

| | | |
|----------------|---------------------|---------------------|
| Rates | (4 659 707) | (3 495 064) |
| Electricity | (301 412) | (167 000) |
| Water | (5 237 466) | (4 960 432) |
| Sewerage | (8 105 145) | (7 430 927) |
| Refuse | (5 664 357) | (5 351 908) |
| Housing rental | (1 310 379) | (992 584) |
| | (25 278 466) | (22 397 915) |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|------------------|
| 5. Consumer debtors (continued) | | |
| Net balance | | |
| Rates | 1 142 678 | 1 039 240 |
| Electricity | 1 831 260 | 2 430 530 |
| Water | 1 257 092 | 1 416 789 |
| Sewerage | 1 182 342 | 1 210 233 |
| Refuse | 1 019 721 | 954 227 |
| Housing rental | (4 857) | 214 537 |
| | 6 428 236 | 7 265 556 |
| Rates | | |
| Current (0 -30 days) | 388 400 | 228 470 |
| 31 - 60 days | 116 447 | 79 568 |
| 61 - 90 days | 92 511 | 72 873 |
| 91 - 120 days | 83 272 | 69 108 |
| 121 - 365 days | 5 121 755 | 4 084 285 |
| Impairment | (4 659 707) | (3 495 064) |
| | 1 142 678 | 1 039 240 |
| Electricity | | |
| Current (0 -30 days) | 1 746 203 | 2 054 832 |
| 31 - 60 days | 51 627 | 115 737 |
| 61 - 90 days | 15 287 | 15 269 |
| 91 - 120 days | 13 885 | 15 333 |
| 121 - 365 days | 305 670 | 396 359 |
| Impairment | (301 412) | (167 000) |
| | 1 831 260 | 2 430 530 |
| Water | | |
| Current (0 -30 days) | 505 867 | 491 308 |
| 31 - 60 days | 187 656 | 139 472 |
| 61 - 90 days | 180 733 | 144 379 |
| 91 - 120 days | 167 959 | 140 096 |
| 121 - 365 days | 5 452 343 | 5 461 966 |
| Impairment | (5 237 466) | (4 960 432) |
| | 1 257 092 | 1 416 789 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|------------------|
| 5. Consumer debtors (continued) | | |
| Sewerage | | |
| Current (0 -30 days) | 394 030 | 276 732 |
| 31 - 60 days | 209 226 | 191 366 |
| 61 - 90 days | 204 153 | 183 644 |
| 91 - 120 days | 204 642 | 180 631 |
| 121 - 365 days | 8 275 437 | 7 808 787 |
| Impairment | (8 105 146) | (7 430 927) |
| | 1 182 342 | 1 210 233 |
| Refuse | | |
| Current (0 -30 days) | 333 181 | 197 059 |
| 31 - 60 days | 144 911 | 138 251 |
| 61 - 90 days | 142 561 | 130 745 |
| 91 - 120 days | 150 323 | 128 100 |
| 121 - 365 days | 5 913 101 | 5 711 980 |
| Impairment | (5 664 356) | (5 351 908) |
| | 1 019 721 | 954 227 |
| Housing rental | | |
| Current (0 -30 days) | 22 069 | 14 560 |
| 31 - 60 days | 26 323 | 8 111 |
| 61 - 90 days | 7 819 | 30 471 |
| 91 - 120 days | 6 469 | 7 722 |
| 121 - 365 days | 1 242 842 | 1 146 257 |
| Impairment | (1 310 379) | (992 584) |
| | (4 857) | 214 537 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|---------------------|---------------------|
| 5. Consumer debtors (continued) | | |
| Summary of debtors by customer classification | | |
| Consumers | | |
| Current (0 -30 days) | 2 358 382 | 2 237 679 |
| 31 - 60 days | 598 576 | 567 941 |
| 61 - 90 days | 511 389 | 485 216 |
| 91 - 120 days | 485 187 | 460 355 |
| 121 - 365 days | 24 163 842 | 22 927 123 |
| | 28 117 376 | 26 678 314 |
| Industrial/ commercial | | |
| Current (0 -30 days) | 723 265 | 828 827 |
| 31 - 60 days | 46 552 | 53 346 |
| 61 - 90 days | 39 242 | 44 969 |
| 91 - 120 days | 29 395 | 33 685 |
| 121 - 365 days | 1 243 759 | 1 425 288 |
| | 2 082 213 | 2 386 115 |
| National and provincial government | | |
| Current (0 -30 days) | 490 518 | 184 060 |
| 31 - 60 days | 109 459 | 41 073 |
| 61 - 90 days | 108 151 | 40 582 |
| 91 - 120 days | 110 568 | 41 489 |
| 121 - 365 days | 779 560 | 292 519 |
| | 1 598 256 | 599 723 |
| Net debtor balance | 6 428 236 | 7 265 556 |
| Impairment | (25 278 466) | (22 397 915) |
| Total debtor balance (exclusive of impairment) | 31 797 845 | 29 663 471 |
| Reconciliation of debt impairment provision | | |
| Balance at beginning of the year | (22 397 915) | (22 652 100) |
| Contributions to provision | (6 260 335) | (6 307 022) |
| Debt impairment written off against provision | 3 379 784 | 6 561 207 |
| | (25 278 466) | (22 397 915) |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

6. Inventories

| | | |
|-----------------|----------------|---------------|
| Water | 61 522 | - |
| Fuel (Diesel) | 61 369 | 34 114 |
| Electrical | 38 336 | 24 396 |
| Water equipment | 46 814 | 16 595 |
| Mechanical | 12 998 | 13 687 |
| | 221 039 | 88 792 |

7. Other receivables from non-exchange transactions

| | | |
|---------------------------------|-----------|---|
| Government grants and subsidies | 4 311 139 | - |
|---------------------------------|-----------|---|

Other receivables from non-exchange transactions

An amount of R 6,503,962.20 was approved by NLDTF (Lotto) for the construction of a synthetic athletics track in Tikwana, Hoopstad. R 4,311,139 is still owed to the municipality even though R 5,701,620.89 has been spent on the project.

8. Receivables from exchange transactions

| | | |
|-------------------|----------------|----------------|
| Prepayments | 100 536 | 100 536 |
| Other receivables | 242 913 | 66 981 |
| | 343 449 | 167 517 |

9. VAT receivable

| | | |
|----------------|-----------|-----------|
| VAT receivable | 1 345 306 | 4 108 485 |
|----------------|-----------|-----------|

10. Biological assets that form part of an agricultural activity

| | 2012 | | | 2011 | | |
|--------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Biological assets - game | 816 680 | - | 816 680 | 1 067 100 | - | 1 067 100 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

10. Biological assets that form part of an agricultural activity (continued)

Reconciliation of biological assets that form part of an agricultural activity - 2012

| | Opening balance | Gains or losses arising from changes in fair value | Total |
|--------------------------|--------------------|---|---------|
| Biological assets - game | 1 067 100 | (250 420) | 816 680 |

Reconciliation of biological assets that form part of an agricultural activity - 2011

| | Opening balance | Gains or losses arising from changes in fair value | Total |
|--------------------------|--------------------|---|-----------|
| Biological assets - game | 1 534 450 | (467 350) | 1 067 100 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

10. Biological assets that form part of an agricultural activity (continued)

Non - Financial information

Quantities of each biological asset

| | | |
|------------------|------------|------------|
| Blesbok | 34 | 56 |
| Blue Wildebeest | 2 | 28 |
| Oryx | 32 | 42 |
| Kudu | 21 | 28 |
| Lechwe | 4 | 17 |
| Impala | 12 | 24 |
| Red Hartebeest | 6 | 6 |
| Springbok | 224 | 268 |
| Black Springbok | 24 | 43 |
| Black Wildebeest | 77 | 116 |
| Ostrich | 19 | 21 |
| Zebra | 10 | 10 |
| | 465 | 659 |

Methods and assumptions used in determining fair value

Bid prices obtained from game auctions were used as the fair value of game.

11. Intangible assets

| | 2012 | | | 2011 | | |
|--------------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software and licenses | 485 210 | (473 126) | 12 084 | 262 093 | (212 590) | 49 503 |

Reconciliation of intangible assets - 2012

| | Opening balance | Additions | Amortisation | Total |
|--------------------------------|--------------------|-----------|--------------|--------|
| Computer software and licenses | 49 503 | 223 117 | (260 536) | 12 084 |

Reconciliation of intangible assets - 2011

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|--------------------|-----------|--------------|--------|
| Computer software, other | 28 968 | 211 592 | (191 057) | 49 503 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

12. Investment property

| | 2012 | | | 2011 | | |
|---------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 15 687 000 | - | 15 687 000 | 18 249 000 | - | 18 249 000 |

Reconciliation of investment property - 2012

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 18 249 000 | (2 562 000) | 15 687 000 |

Reconciliation of investment property - 2011

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 17 210 000 | 1 039 000 | 18 249 000 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

13. Other financial assets

At fair value through surplus or deficit - designated

| | | |
|-----------------|---------|---------|
| Unlisted shares | 212 455 | 212 455 |
|-----------------|---------|---------|

Number of shares held at Senwes Limited 49 383

Number of shares held at Senwesbel Limited 75 732

In accordance with IAS39.46 the share are carried at cost as they are unlisted and the share price cannot be determined reliable.

Non-current assets

| | | |
|---|---------|---------|
| At fair value through surplus or deficit - designated | 212 455 | 212 455 |
|---|---------|---------|

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

14. Property, plant and equipment

| | 2012 | | | 2011 | | |
|--|---------------------|---|--------------------|---------------------|---|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Capital work in progress | 38 654 386 | - | 38 654 386 | 13 905 136 | - | 13 905 136 |
| Community | 47 454 754 | (9 197 322) | 38 257 432 | 47 454 754 | (6 131 548) | 41 323 206 |
| Infrastructure | 363 314 352 | (57 591 247) | 305 723 105 | 357 239 695 | (38 394 164) | 318 845 531 |
| Other property, plant and equipment | 95 421 075 | (26 368 733) | 69 052 342 | 94 788 662 | (17 932 678) | 76 855 984 |
| Recreation | 7 144 814 | (1 619 133) | 5 525 681 | 7 144 814 | (1 079 422) | 6 065 392 |
| Total | 551 989 381 | (94 776 435) | 457 212 946 | 520 533 061 | (63 537 812) | 456 995 249 |

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Additions | Depreciation | Total |
|-------------------------------------|--------------------|-------------------|---------------------|--------------------|
| Infrastructure | 318 845 531 | 6 074 657 | (19 197 083) | 305 723 105 |
| Community | 41 323 206 | - | (3 065 774) | 38 257 432 |
| Other property, plant and equipment | 76 855 984 | 632 412 | (8 436 054) | 69 052 342 |
| Capital work in progress | 13 905 136 | 24 749 250 | - | 38 654 386 |
| Recreation | 6 065 392 | - | (539 711) | 5 525 681 |
| | 456 995 249 | 31 456 319 | (31 238 622) | 457 212 946 |

Reconciliation of property, plant and equipment - 2011

| | Opening balance | Additions | Disposals | Depreciation | Total |
|-------------------------------------|--------------------|-------------------|-----------------|---------------------|--------------------|
| Infrastructure | 338 042 613 | - | - | (19 197 082) | 318 845 531 |
| Community | 44 388 980 | - | - | (3 065 774) | 41 323 206 |
| Other property, plant and equipment | 85 325 764 | 104 690 | (26 818) | (8 547 652) | 76 855 984 |
| Capital work in progress | - | 13 905 136 | - | - | 13 905 136 |
| Recreation | 6 605 103 | - | - | (539 711) | 6 065 392 |
| | 474 362 460 | 14 009 826 | (26 818) | (31 350 219) | 456 995 249 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

15. Consumer deposits

| | | |
|-------------|---------|---------|
| Electricity | 478 702 | 451 907 |
|-------------|---------|---------|

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|------------------|
| 16. Current portion of long-term provision | | |
| The current portion of the medical contribution provision amounts to R 426 858 (2011 :R 416 773) | | |
| The medical contribution is included as a provision as the municipality is obliged to make fixed monthly contributions to the medical aid schemes of retired employees. These contributions are payable till the date of death. The amount payable within the next twelve months is recognised as a current provision. | | |
| 17. Finance lease obligation | | |
| Minimum lease payments due | | |
| - within one year | 934 534 | 934 144 |
| - in second to fifth year inclusive | 2 054 412 | 2 040 245 |
| | 2 988 946 | 2 974 389 |
| less: future finance charges | (876 426) | (1 005 293) |
| Present value of minimum lease payments | 2 112 520 | 1 969 096 |
| Present value of minimum lease payments due | | |
| - within one year | 601 963 | 471 706 |
| - in second to fifth year inclusive | 1 510 558 | 1 497 390 |
| | 2 112 521 | 1 969 096 |
| Non-current liabilities | 908 595 | 1 497 390 |
| Current liabilities | 601 962 | 471 706 |
| | 1 510 557 | 1 969 096 |
| It is municipality policy to lease certain printing equipment under finance leases. | | |
| 18. Operating lease asset (accrual) | | |
| 19. Other financial liabilities | | |
| Held at amortised cost | | |
| Annuity loans | 13 050 943 | 13 554 172 |
| All annuity loans are from The Development Bank of South Africa and endowments are made on a six-monthly basis. The last loan will be redeemed at 31 December 2015. The loans carry interest at between 11% and 14% per annum. | | |
| Non-current liabilities | | |
| At amortised cost | 12 484 907 | 13 048 932 |
| Current liabilities | | |
| At amortised cost | 566 036 | 505 240 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

19. Other financial liabilities (continued)

| | |
|-------------------|-------------------|
| 13 050 943 | 13 554 172 |
|-------------------|-------------------|

20. Payables from exchange transactions

| | | |
|---|-------------------|-------------------|
| Trade payables | 2 511 712 | 2 644 358 |
| Payments received in advanced - contract in process | 2 360 366 | 1 552 662 |
| Accrued leave pay | 4 540 623 | 3 995 080 |
| Accrued bonus | 725 217 | 631 127 |
| Deposits received | 1 000 | 300 |
| Cash suspense accounts | 1 120 986 | 449 397 |
| Other payables | 12 454 137 | 6 128 600 |
| | 23 714 041 | 15 401 524 |

Included in the balance for other payables in an amount of R 11,382,998.31 which relates to uncleared cheques. The amount was transferred from the uncleared items on the bank reconciliation to the other payables account at yearend.

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|---|------------------|------------------|
| Skills Development Grant | 216 825 | 127 615 |
| Lotto Grant | 582 814 | 2 192 823 |
| Free State Provincial Grant (fencing of cemetery) | 1 746 491 | - |
| | 2 546 130 | 2 320 438 |

Movement during the year

| | | |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 2 320 438 | 4 150 774 |
| Additions during the year | 33 605 349 | 14 442 773 |
| Income recognition during the year | (33 379 657) | (16 273 109) |
| | 2 546 130 | 2 320 438 |

See note for reconciliation of grants from National/Provincial Government.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

22. Provisions

Reconciliation of provisions - 2012

| | Opening Balance | Reduction due to re- measuremen t or settlement without cost to entity | Total |
|--------------------------------|--------------------|--|------------------|
| Environmental rehabilitation | 106 320 | 13 476 | 119 796 |
| Medical contribution provision | 3 384 180 | (16 625) | 3 367 555 |
| | 3 490 500 | (3 149) | 3 487 351 |

Reconciliation of provisions - 2011

| | Opening Balance | Additions | Reduction due to re- measuremen t or settlement without cost to entity | Total |
|--------------------------------|--------------------|------------------|--|------------------|
| Environmental rehabilitation | 94 360 | - | 11 960 | 106 320 |
| Medical contribution provision | 1 851 929 | 1 532 251 | - | 3 384 180 |
| | 1 946 289 | 1 532 251 | 11 960 | 3 490 500 |

The medical contribution is included as a provision as the municipality is obliged to make fixed monthly contributions to the medical aid schemes of retired employees. These contributions are payable till the date of death. The amount payable within the next twelve months is recognised as a current provision.

23. Revenue

| | | |
|------------------------------------|--------------------|-------------------|
| Property rates | 6 571 275 | 5 067 801 |
| Service charges | 27 480 014 | 24 896 892 |
| Rental of facilities and equipment | 357 738 | 439 795 |
| Interest received – trading | 265 387 | 340 586 |
| Fines | 96 430 | 132 844 |
| Licences and permits | 1 100 | 8 146 |
| Government grants and subsidies | 86 271 478 | 65 076 588 |
| | 121 043 422 | 95 962 652 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

23. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|------------------------------------|-------------------|-------------------|
| Service charges | 27 480 014 | 24 896 892 |
| Rental of facilities and equipment | 357 738 | 439 795 |
| Interest received – trading | 265 387 | 340 586 |
| Licences and permits | 1 100 | 8 146 |
| | 28 104 239 | 25 685 419 |

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

| | | |
|----------------|-----------|-----------|
| Property rates | 6 571 275 | 5 067 801 |
| Fines | 96 430 | 132 844 |

Transfer revenue

| | | |
|--------|-------------------|-------------------|
| Levies | 86 271 478 | 65 076 588 |
| | 92 939 183 | 70 277 233 |

24. Property rates

Rates received

| | | |
|----------------|------------------|------------------|
| State | 1 114 992 | 1 003 068 |
| Property rates | 5 456 283 | 4 064 733 |
| | 6 571 275 | 5 067 801 |

25. Service charges

| | | |
|---------------------------------|-------------------|-------------------|
| Sale of electricity | 15 485 119 | 13 087 524 |
| Sale of water | 5 111 954 | 4 981 017 |
| Sewerage and sanitation charges | 4 441 376 | 4 443 248 |
| Refuse removal | 2 441 565 | 2 385 103 |
| | 27 480 014 | 24 896 892 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 26. Government grants and subsidies | | |
| Equitable share | 52 839 954 | 48 803 479 |
| Municipal Infrastructure Grant | 25 015 039 | 14 323 109 |
| Municipal Systems Improvement Grant | 840 000 | 750 000 |
| Financial Management Grant | 1 450 000 | 1 200 000 |
| Lotto Grant | 5 921 148 | - |
| Free State Provincial Grant | 153 509 | - |
| District Municipality Grant | 50 000 | - |
| EPWP government grant (operating) | 1 828 | - |
| | 86 271 478 | 65 076 588 |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy which is credited to their accounts.

Municipal Infrastructure Grant

| | | |
|---|--------------|--------------|
| Balance unspent at beginning of year | - | 4 024 109 |
| Current-year receipts | 25 010 000 | 10 299 000 |
| Conditions met - transferred to revenue | (25 010 000) | (14 323 109) |
| | - | - |

Conditions still to be met - remain liabilities (see note 21).

The grant is utilised to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure providing basic services for the benefit of poor households. The grant was used to construct roads, sewerage and water infrastructure as part of the upgrading of informal settlement areas.

Skills Development Grant

| | | |
|--------------------------------------|----------------|----------------|
| Balance unspent at beginning of year | 127 615 | 101 829 |
| Current-year receipts | 89 210 | 25 786 |
| | 216 825 | 127 615 |

Conditions still to be met - remain liabilities (see note 21).

A workplace skills plan and training report must be submitted to LGSETA in compliance with the Skills Development Act before the unspent amount will be transferred.

Lotto Grant

| | | |
|--------------------------------------|-----------|--------|
| Balance unspent at beginning of year | 2 192 823 | 24 836 |
|--------------------------------------|-----------|--------|

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|----------------|------------------|
| 26. Government grants and subsidies (continued) | | |
| Current-year accrual | 4 311 139 | 2 167 987 |
| Conditions met - transferred to revenue | (5 921 148) | - |
| | 582 814 | 2 192 823 |

During the current financial year the municipality spent R 5,921,148 on the project. The grant pertaining to the municipality has not been received and is only accounted for in terms of accrual accounting.

Conditions still to be met - remain liabilities (see note 21).

Municipal Systems Improvement Grant

| | | |
|---|-----------|-----------|
| Current-year receipts | 840 000 | 750 000 |
| Conditions met - transferred to revenue | (840 000) | (750 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 21).

Finance Management Grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 450 000 | 1 200 000 |
| Conditions met - transferred to revenue | (1 450 000) | (1 200 000) |
| | - | - |

Conditions still to be met - remain liabilities (see note 21).

27. Other income

| | | |
|------------------------|----------------|----------------|
| Building plan fees | 499 | 79 345 |
| Commission received | 155 964 | 157 373 |
| Sundry income | 32 795 | 198 236 |
| Grave fees | 111 158 | 105 562 |
| Connection fees | 101 350 | 245 317 |
| Gravel sales | 26 585 | 79 246 |
| Building plan fees | 15 509 | 40 363 |
| Late payment penalty | 69 261 | 72 621 |
| Opening of graves | 12 814 | 11 473 |
| Special meter readings | 6 656 | 11 664 |
| Other income 19 | - | (220 823) |
| | 532 591 | 780 377 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--------------------------------------|-------------------|-------------------|
| 28. General expenses | | |
| Advertising | 61 575 | 320 035 |
| Auditors remuneration | 1 675 640 | 1 784 600 |
| Bank charges | 248 395 | 258 865 |
| Cleaning | 829 495 | 1 098 333 |
| Consulting and professional fees | 349 519 | 304 939 |
| Consumables | 201 | 2 930 |
| Entertainment | 59 316 | 268 143 |
| Insurance | 269 079 | 263 443 |
| Fuel and oil | 1 641 994 | 1 176 187 |
| Printing and stationery | 819 270 | 359 825 |
| Protective clothing | 194 886 | 143 499 |
| Subscriptions and membership fees | 604 292 | 723 545 |
| Telephone and fax | 604 099 | 684 734 |
| Training | 851 831 | 380 669 |
| Travel - local | 756 508 | 232 923 |
| Radio and television licenses | 11 859 | 12 723 |
| Vehicle licences | 72 223 | 68 856 |
| Valuation costs | 359 470 | 431 026 |
| Sewerage assessment (Green Drop) | 143 677 | 74 782 |
| Operating grant expenditure | 3 823 641 | 4 152 969 |
| Water quality assessment (Blue Drop) | 127 343 | 77 422 |
| Internal audit expense | - | 77 802 |
| Other expenses | 5 103 367 | 4 692 979 |
| | 18 607 680 | 17 591 229 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 29. Employee related costs | | |
| Basic | 20 884 801 | 19 714 852 |
| Medical aid - company contributions | 1 626 158 | 3 054 841 |
| UIF | 211 397 | 191 507 |
| SDL | 258 746 | 237 761 |
| Leave pay provision charge | 1 135 879 | 1 214 881 |
| Other short term costs | 10 539 | 10 405 |
| Post-employment benefits - Pension - Defined contribution plan | 3 736 734 | 3 358 566 |
| Travel, motor car, accommodation, subsistence and other allowances | 1 494 275 | 1 586 758 |
| Overtime payments | 1 526 180 | 1 392 410 |
| Housing benefits and allowances | 15 091 | 19 738 |
| | 30 899 800 | 30 781 719 |
| Remuneration of Section 57 Managers | | |
| Remuneration of the Municipal Manager | | |
| Annual Remuneration | 501 000 | 498 496 |
| Car Allowance | 92 715 | 145 299 |
| Contributions to UIF, Medical and Pension Funds | 189 108 | 105 870 |
| Housing Allowance | - | 2 500 |
| Performance and Other Bonuses | 29 000 | 20 000 |
| | 811 823 | 772 165 |
| Remuneration of the Chief Financial Officer | | |
| Annual Remuneration | 504 000 | 471 300 |
| Car Allowance | 86 599 | 202 805 |
| Contributions to UIF, Medical and Pension Funds | 235 130 | 96 087 |
| | 825 729 | 770 192 |
| Remuneration of the Chief Operating Officer | | |
| Annual Remuneration | 477 000 | 450 000 |
| Car Allowance | 167 733 | 259 137 |
| Contributions to UIF, Medical and Pension Funds | 214 078 | 91 812 |
| | 858 811 | 800 949 |
| Remuneration of Executive Manager Corporate Services | | |
| Annual Remuneration | 460 500 | 434 850 |
| Car Allowance | 88 420 | 123 245 |
| Contributions to UIF, Medical and Pension Funds | 218 712 | 91 859 |
| Performance and Other Bonuses | 38 500 | 36 300 |
| | 806 132 | 686 254 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|------------------|
| 29. Employee related costs (continued) | | |
| Remuneration of the Executive Manager Community Services | | |
| Annual Remuneration | 439 200 | 415 000 |
| Car Allowance | 107 957 | 122 958 |
| Contributions to UIF, Medical and Pension Funds | 128 948 | 103 531 |
| Performance and Other Bonuses | 36 600 | 34 500 |
| | 712 705 | 675 989 |
| 30. Remuneration of councillors | | |
| Speaker | 19 651 | 30 276 |
| Councillors | 2 784 221 | 2 921 333 |
| Councillors' pension contribution | 315 600 | 287 200 |
| Councillors' contribution to medical aid | 550 901 | 483 820 |
| | 3 670 373 | 3 722 629 |
| In-kind benefits | | |
| The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council. | | |
| The Mayor has use of a Council-owned vehicle for official duties. | | |
| The Mayor and Speaker have full-time drivers. | | |
| 31. Debt impairment | | |
| Debt impairment | 6 260 335 | 6 307 100 |
| Write-off of long outstanding other receivables | - | 1 052 164 |
| | 6 260 335 | 7 359 264 |
| 32. Investment revenue | | |
| Dividend revenue | | |
| Unlisted financial assets - Local | 69 042 | 15 359 |
| Interest revenue | | |
| ABSA - current account | 880 | (1 311) |
| Interest - call accounts | 757 831 | 738 966 |
| | 758 711 | 737 655 |
| | 827 753 | 753 014 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 33. Depreciation and amortisation | | |
| Property, plant and equipment | 31 499 158 | 31 372 004 |
| 34. Finance costs | | |
| Non-current borrowings | 1 603 459 | 1 658 235 |
| Trade and other payables | 598 | 30 063 |
| Finance leases | 393 853 | 371 469 |
| Other interest paid | 185 | - |
| | 1 998 095 | 2 059 767 |
| 35. Auditors' remuneration | | |
| Fees | 1 675 640 | 1 784 600 |
| 36. Bulk purchases | | |
| Electricity | 21 656 741 | 16 966 270 |
| Water | 1 624 358 | 680 746 |
| | 23 281 099 | 17 647 016 |
| 37. Cash generated from operations | | |
| Deficit | (2 128 855) | (15 595 527) |
| Adjustments for: | | |
| Depreciation and amortisation | 31 499 158 | 31 372 004 |
| (Loss) gain on biological assets | 250 420 | 467 350 |
| Finance costs - Finance leases | 393 853 | 371 469 |
| Debt impairment | 6 260 335 | 7 359 264 |
| Movements in operating lease assets and accruals | (3 609) | 3 609 |
| Movements in provisions | (3 149) | 1 544 211 |
| Other non-cash items | 2 562 000 | (1 039 008) |
| Changes in working capital: | | |
| Inventories | (132 247) | 16 721 |
| Receivables from exchange transactions | (175 932) | 1 240 761 |
| Other receivables from non-exchange transactions | (4 311 139) | - |
| Consumer debtors | (5 423 015) | (6 555 246) |
| Payables from exchange transactions | 8 312 512 | (2 230 670) |
| VAT | 3 028 926 | (1 350 158) |
| Unspent conditional grants and receipts | 225 692 | (1 830 336) |
| Consumer deposits | 26 795 | 21 059 |
| | 40 381 745 | 13 795 503 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for

| | | |
|---------------------------------|-----------|------------|
| • Property, plant and equipment | 5 402 151 | 26 416 891 |
|---------------------------------|-----------|------------|

This committed expenditure relates to a sewerage network, an athletics track and a fence for a cemetery. All these projects will be financed from the MIG, Lotto grant and the Free State Provincial Grant respectively..

Operating leases - as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|---------------|---------------|
| - within one year | 14 464 | 14 464 |
| - in second to fifth year inclusive | 40 982 | 40 982 |
| | 55 446 | 55 446 |

Operating leases - as lessor (income)

Minimum lease payments due

| | | |
|-------------------------------------|------------------|------------------|
| - within one year | 670 223 | 499 301 |
| - in second to fifth year inclusive | 2 567 861 | 1 473 860 |
| - later than five years | 1 250 677 | 2 132 005 |
| | 4 488 761 | 4 105 166 |

Certain of the municipality's property is held to generate rental income. Lease agreements are non-cancellable and have terms from 5 to 20 years. There are no contingent rents receivable.

39. Related parties

40. Prior period errors

In the 2010/2011 annual financial statements property, plant and equipment as well as intangible assets were accounted for as per GRAP 17 and GRAP 102 respectively as Directive 4 was no longer applicable. As per National Treasury recommendations the municipality made use of asset management consultants to ensure asset values were in line with the requirements of GRAP 17 and GRAP 102. The asset register produced by the asset management consultants did however not include assets under finance lease (printers) neither did it include all intangible assets. This was corrected retrospectively in the 2011/2012 annual financial statements.

The correction of the error(s) results in adjustments as follows:

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------|----------------|
| 40. Prior period errors (continued) | | |
| Statement of financial position | | |
| Property, plant and equipment | - | 2 779 415 |
| Accumulated depreciation | - | (977 237) |
| Intangible assets | - | 235 420 |
| Accumulated amortization | - | (198 963) |
| Opening Accumulated Surplus or Deficit | - | (1 838 635) |
| Statement of Financial Performance | | |
| Depreciation | - | 555 503 |
| Amortization | - | 187 889 |
| Cash flow statement | | |
| Cash flow from operating activities | | |
| Non-cash item: Depreciation | - | 555 503 |
| Non-cash item: Amortization | - | 187 889 |
| | - | 743 392 |

41. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

41. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2012 | 2011 |
|----------------------------------|-----------|-----------|
| ABSA Bank - Cheque account | 5 721 504 | 306 880 |
| ABSA Bank - Money Market account | 4 473 716 | 4 242 395 |
| Nedbank - 32 Day notice account | 5 028 034 | - |
| Stanlib - Cash Plus fund | - | 3 221 146 |

42. Going concern

We draw attention to the fact that at 30 June 2012, the municipality had operating deficits of R 2 128 855 and that the municipality's current liabilities exceed its current assets by R 768 603.

The total assets however still exceeds the total liabilities by R 456 291 709.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note XX of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

43. Unauthorised expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 6 791 189 | 6 791 189 |
| Unauthorised expenditure - current year | 1 913 745 | 1 469 036 |
| Approval by Council or condoned | (1 913 745) | (1 469 036) |
| | 6 791 189 | 6 791 189 |

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|------------------|------------------|
| 44. Fruitless and wasteful expenditure | | |
| Opening balance | 63 840 | 63 840 |
| 45. Irregular expenditure | | |
| Opening balance | 1 778 151 | 1 778 151 |
| 46. Additional disclosure in terms of Municipal Finance Management Act | | |
| Contributions to organised local government | | |
| Current year subscription / fee | 498 134 | 153 505 |
| Amount paid - current year | (498 134) | (153 505) |
| | - | - |
| Audit fees | | |
| Current year subscription / fee | 1 664 322 | 1 781 600 |
| Amount paid - current year | (1 664 322) | (1 781 600) |
| | - | - |
| PAYE and UIF | | |
| Opening balance | - | 214 985 |
| Current year subscription / fee | 3 588 401 | 3 330 847 |
| Amount paid - current year | (3 588 401) | (3 330 847) |
| Amount paid - previous years | - | (214 985) |
| | - | - |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 5 319 656 | 7 158 406 |
| Amount paid - current year | (5 319 656) | (7 158 406) |
| | - | - |
| VAT | | |
| VAT receivable | 1 345 306 | 4 108 485 |
| VAT payable | 265 747 | - |
| | 1 611 053 | 4 108 485 |

All VAT returns have been submitted by the due date throughout the year.

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2012:

| 30 June 2012 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---------------------|-------------------------------------|-------------------------------------|---------------|
| Councillor TT Taedi | - | 7 537 | 7 537 |
| Councillor MJ Ngexe | - | 4 212 | 4 212 |
| Councillor C Horn | - | 13 383 | 13 383 |
| | - | 25 132 | 25 132 |

47. Utilisation of Long-term liabilities reconciliation

| | | |
|------------------------------|------------|------------|
| Long-term liabilities raised | 13 050 943 | 13 554 172 |
|------------------------------|------------|------------|

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

48. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

49. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

Tswelopele Local Municipality
Appendix A

Schedule of external loans as at 30 June 2010

| Loan Number | Redeemable | Balance at 30 June 2011 | Received during the period | Redeemed written off during the period | Balance at 30 June 2012 | Carrying Value of Property, Plant & Equip Rand | Other Costs in accordance with the MFMA Rand |
|---|------------|-------------------------|----------------------------|--|-------------------------|--|--|
| | | Rand | Rand | Rand | Rand | | |
| Loan Stock | | - | - | - | - | - | - |
| Structured loans | | - | - | - | - | - | - |
| Funding facility | | - | - | - | - | - | - |
| Development Bank of South Africa | | | | | | | |
| DBSA Loan @ 13.45% | 3 | 13 330 228 | - | 434 369 | 12 895 859 | - | - |
| DBSA Loan @ 11.90% | 38 | 236 924 | - | 68 945 | 167 979 | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | 13 567 152 | - | 503 314 | 13 063 838 | - | - |
| Bonds | | - | - | - | - | - | - |
| Other loans | | - | - | - | - | - | - |
| Finance lease liability | | | | | | | |
| Long-term | | 1 497 390 | - | 588 795 | 908 595 | - | - |
| Short-term | | 471 706 | - | (130 256) | 601 962 | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | - | - | - | - | - | - |
| | | 1 969 096 | - | 458 539 | 1 510 557 | - | - |
| Annuity loans | | - | - | - | - | - | - |
| Government loans | | - | - | - | - | - | - |
| Total external loans | | | | | | | |

Tswelopele Local Municipality Appendix A

Schedule of external loans as at 30 June 2010

[illegible]

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2012 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|----------------------------|---------------------------|
| | | | | | | | | | | | | | | |
| Land and buildings | | | | | | | | | | | | | | |
| Land (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Landfill Sites (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Quarries (Separate for AFS purposes) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings (Separate for AFS purposes) | 119 564 813 | - | - | - | - | - | 119 564 813 | (14 906 359) | - | - | (7 453 179) | - | (22 359 538) | 97 205 274 |
| | 119 564 813 | - | - | - | - | - | 119 564 813 | (14 906 359) | - | - | (7 453 179) | - | (22 359 538) | 97 205 274 |
| Infrastructure | | | | | | | | | | | | | | |
| Roads, Pavements & Bridges | 100 060 003 | - | - | - | - | - | 100 060 003 | (17 613 901) | - | - | (8 806 950) | - | (26 420 851) | 73 639 152 |
| Storm water | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Generation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | 48 876 344 | - | - | - | - | - | 48 876 344 | (2 481 436) | - | - | (1 240 718) | - | (3 722 154) | 46 394 909 |
| Street lighting | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water purification | 148 241 260 | - | - | - | - | - | 148 241 260 | (13 017 667) | - | - | (6 508 834) | - | (19 526 501) | 128 714 759 |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sewerage purification | 59 974 422 | - | - | - | - | - | 59 974 422 | (5 249 594) | - | - | (2 624 797) | - | (7 874 391) | 52 100 031 |
| Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 87 667 | - | - | - | - | - | 87 667 | (31 567) | - | - | (15 783) | - | (47 350) | 40 317 |
| Gas | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other (work in progress) | 13 905 135 | 24 749 251 | - | - | - | - | 38 654 386 | - | - | - | - | - | - | 38 654 386 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 371 144 831 | 24 749 251 | - | - | - | - | 395 894 082 | (38 394 165) | - | - | (19 197 082) | - | (57 591 247) | 339 543 554 |
| Community Assets | | | | | | | | | | | | | | |
| Parks & gardens | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sportsfields and stadium | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Recreational facilities | 7 144 814 | - | - | - | - | - | 7 144 814 | (1 079 422) | - | - | (539 711) | - | (1 619 133) | 6 065 392 |
| Clinics | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Museums & art galleries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | 5 106 106 | - | - | - | - | - | 5 106 106 | (512 430) | - | - | (256 215) | - | (768 645) | 4 337 461 |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 12 250 920 | - | - | - | - | - | 12 250 920 | (1 591 852) | - | - | (795 926) | - | (2 387 778) | 10 402 853 |

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2012 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|----------------------------|---------------------------|
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | | | | | | | | | | | | | |
| General vehicles | 8 371 130 | 535 153 | - | - | - | - | 8 906 283 | (3 815 121) | - | - | (1 749 525) | - | (5 564 646) | 3 341 637 |
| Plant & equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | 3 655 356 | - | - | - | - | - | 3 655 356 | (2 011 649) | - | - | (646 302) | - | (2 657 951) | 997 405 |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture & Fittings | 1 212 899 | 28 640 | - | - | - | - | 1 241 539 | (361 621) | - | - | (195 105) | - | (556 726) | 684 814 |
| Office Equipment | - | 55 805 | - | - | - | - | 55 805 | - | - | - | (13 976) | - | (13 976) | 41 829 |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Abattoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Civic land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bins and Containers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Work in progress | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 4 333 113 | 12 814 | - | - | - | - | 4 345 927 | (2 457 047) | - | - | (1 187 526) | - | (3 644 573) | 701 354 |
| | 17 572 498 | 632 412 | - | - | - | - | 18 204 910 | (8 645 438) | - | - | (3 792 434) | - | (12 437 872) | 5 767 039 |

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2012 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|----------------------------|---------------------------|
| | | | | | | | | | | | | | | |
| Total property plant and equipment | | | | | | | | | | | | | | |
| Land and buildings | 119 564 813 | - | - | - | - | - | 119 564 813 | (14 906 359) | - | - | (7 453 179) | - | (22 359 538) | 97 205 274 |
| Infrastructure | 371 144 831 | 24 749 251 | - | - | - | - | 395 894 082 | (38 394 165) | - | - | (19 197 082) | - | (57 591 247) | 339 543 554 |
| Community Assets | 12 250 920 | - | - | - | - | - | 12 250 920 | (1 591 852) | - | - | (795 926) | - | (2 387 778) | 10 402 853 |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 17 572 498 | 632 412 | - | - | - | - | 18 204 910 | (8 645 438) | - | - | (3 792 434) | - | (12 437 872) | 5 767 039 |
| | 520 533 062 | 25 381 663 | - | - | - | - | 545 914 725 | (63 537 814) | - | - | (31 238 621) | - | (94 776 435) | 452 918 720 |
| Agricultural/Biological assets | | | | | | | | | | | | | | |
| Agricultural | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Biological assets - game | 1 067 100 | - | - | - | - | (250 420) | 816 680 | - | - | - | - | - | - | 816 680 |
| | 1 067 100 | - | - | - | - | (250 420) | 816 680 | - | - | - | - | - | - | 816 680 |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 262 093 | - | 223 117 | - | - | - | 485 210 | (212 583) | - | - | (260 536) | - | (473 119) | 12 091 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 262 093 | - | 223 117 | - | - | - | 485 210 | (212 583) | - | - | (260 536) | - | (473 119) | 12 091 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 18 249 000 | - | - | - | (2 562 000) | - | 15 687 000 | - | - | - | - | - | - | 15 687 000 |
| | 18 249 000 | - | - | - | (2 562 000) | - | 15 687 000 | - | - | - | - | - | - | 15 687 000 |
| Total | | | | | | | | | | | | | | |
| Land and buildings | 119 564 813 | - | - | - | - | - | 119 564 813 | (14 906 359) | - | - | (7 453 179) | - | (22 359 538) | 97 205 274 |
| Infrastructure | 371 144 831 | 24 749 251 | - | - | - | - | 395 894 082 | (38 394 165) | - | - | (19 197 082) | - | (57 591 247) | 339 543 554 |
| Community Assets | 12 250 920 | - | - | - | - | - | 12 250 920 | (1 591 852) | - | - | (795 926) | - | (2 387 778) | 10 402 853 |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 17 572 498 | 632 412 | - | - | - | - | 18 204 910 | (8 645 438) | - | - | (3 792 434) | - | (12 437 872) | 5 767 039 |
| Agricultural/Biological assets | 1 067 100 | - | - | - | - | (250 420) | 816 680 | - | - | - | - | - | - | 816 680 |
| Intangible assets | 262 093 | - | 223 117 | - | - | - | 485 210 | (212 583) | - | - | (260 536) | - | (473 119) | 12 091 |
| Investment properties | 18 249 000 | - | - | - | (2 562 000) | - | 15 687 000 | - | - | - | - | - | - | 15 687 000 |
| | 540 111 255 | 25 381 663 | 223 117 | - | (2 562 000) | (250 420) | 562 903 615 | (63 750 397) | - | - | (31 499 157) | - | (95 249 554) | 469 434 499 |

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2011 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

[illegible]

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2011 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Heritage assets | | | | | | | | | | | | | | |
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | | | | | | | | | | | | | | |
| Refuse | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | | | | | | | | | | | | | | |
| General vehicles | 8 344 752 | 26 378 | - | - | - | - | 8 371 130 | (2 094 582) | - | - | (1 720 539) | - | (3 815 121) | 4 556 009 |
| Plant & equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | 3 643 190 | 38 985 | (26 818) | - | - | - | 3 655 357 | (1 223 489) | - | 21 783 | (809 944) | - | (2 011 650) | 1 643 707 |
| Computer Software (part of computer equipment) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture & Fittings | 1 187 997 | 24 903 | - | - | - | - | 1 212 900 | (167 066) | - | - | (194 556) | - | (361 622) | 851 278 |
| Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Abattoirs | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Airports | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Security measures | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Civic land and buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other land | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bins and Containers | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Work in progress | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 4 318 688 | 14 425 | - | - | - | - | 4 333 113 | (1 256 270) | - | - | (1 200 777) | - | (2 457 047) | 1 876 066 |
| Other Assets - Leased | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 17 494 627 | 104 691 | (26 818) | - | - | - | 17 572 500 | (4 741 407) | - | 21 783 | (3 925 816) | - | (8 645 440) | 8 927 060 |

Tswelopele Local Municipality Appendix B

| Analysis of property, plant and equipment as at 30 June 2011 | |
|--|--------------------------|
| Cost/Revaluation | Accumulated depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|----------------------------|---------------------------|
| | | | | | | | | | | | | | | |
| Total property plant and equipment | | | | | | | | | | | | | | |
| Land and buildings | 119 564 812 | - | - | - | - | - | 119 564 812 | (7 453 179) | - | - | (7 453 179) | - | (14 906 358) | 104 658 454 |
| Infrastructure | 357 239 696 | 13 905 135 | - | - | - | - | 371 144 831 | (19 197 082) | - | - | (19 197 082) | - | (38 394 164) | 332 750 667 |
| Community Assets | 12 250 920 | - | - | - | - | - | 12 250 920 | (795 926) | - | - | (795 926) | - | (1 591 852) | 10 659 068 |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 17 494 627 | 104 691 | (26 818) | - | - | - | 17 572 500 | (4 741 407) | - | 21 783 | (3 925 816) | - | (8 645 440) | 8 927 060 |
| | 506 550 055 | 14 009 826 | (26 818) | - | - | - | 520 533 063 | (32 187 594) | - | 21 783 | (31 372 003) | - | (63 537 814) | 456 995 249 |
| | | | | | | | | | | | | | | |
| Agricultural/Biological assets | | | | | | | | | | | | | | |
| Agricultural | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Biological assets | 1 534 450 | - | - | - | - | (467 350) | 1 067 100 | - | - | - | - | - | - | 1 067 100 |
| | 1 534 450 | - | - | - | - | (467 350) | 1 067 100 | - | - | - | - | - | - | 1 067 100 |
| | | | | | | | | | | | | | | |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 60 493 | 201 600 | - | - | - | - | 262 093 | (21 533) | (191 050) | - | - | - | (212 583) | 49 510 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 60 493 | 201 600 | - | - | - | - | 262 093 | (21 533) | (191 050) | - | - | - | (212 583) | 49 510 |
| | | | | | | | | | | | | | | |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 17 210 000 | - | - | - | 1 039 000 | - | 18 249 000 | - | - | - | - | - | - | 18 249 000 |
| | 17 210 000 | - | - | - | 1 039 000 | - | 18 249 000 | - | - | - | - | - | - | 18 249 000 |
| | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Land and buildings | 119 564 812 | - | - | - | - | - | 119 564 812 | (7 453 179) | - | - | (7 453 179) | - | (14 906 358) | 104 658 454 |
| Infrastructure | 357 239 696 | 13 905 135 | - | - | - | - | 371 144 831 | (19 197 082) | - | - | (19 197 082) | - | (38 394 164) | 332 750 667 |
| Community Assets | 12 250 920 | - | - | - | - | - | 12 250 920 | (795 926) | - | - | (795 926) | - | (1 591 852) | 10 659 068 |
| Heritage assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other assets | 17 494 627 | 104 691 | (26 818) | - | - | - | 17 572 500 | (4 741 407) | - | 21 783 | (3 925 816) | - | (8 645 440) | 8 927 060 |
| Agricultural/Biological assets | 1 534 450 | - | - | - | - | (467 350) | 1 067 100 | - | - | - | - | - | - | 1 067 100 |
| Intangible assets | 60 493 | 201 600 | - | - | - | - | 262 093 | (21 533) | (191 050) | - | - | - | (212 583) | 49 510 |
| Investment properties | 17 210 000 | - | - | - | 1 039 000 | - | 18 249 000 | - | - | - | - | - | - | 18 249 000 |
| | 525 354 998 | 14 211 426 | (26 818) | - | 1 039 000 | (467 350) | 540 111 256 | (32 209 127) | (191 050) | 21 783 | (31 372 003) | - | (63 750 397) | 476 360 855 |

Tswelopele Local Municipality Appendix C

| Segmental analysis of property, plant and equipment as at 30 June 2012 | |
|--|---------------------------------|
| Cost/Revaluation | Accumulated Depreciation |
| <p>Land and buildings</p> <p>Cost</p> <p>Revaluation</p> | <p>Accumulated Depreciation</p> |

[illegible]

Tswelopele Local Municipality Appendix D

| | Prior Year | Current Year |
|---|------------|--------------|
| Segmental Statement of Financial Performance for the year ended | | |

[illegible]

Tswelopele Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
|-----------------------------------|--|--|--------------|-----------------------------------|--|--|
| | | | Rand | | | |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| - | - | - | | - | - | - |
| 100 293 999 | 115 889 526 | (15 595 527) | Total | 123 416 266 | 125 545 119 | (2 128 853) |

Tswelopele Local Municipality
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

| | Forecast # 1 2012 Act. Bal. | Current year 2011 Adjusted budget Rand | Variance Rand | Var | Explanation of Significant Variances greater than 10% versus Budget |
|---|-----------------------------------|--|------------------|--------|--|
| | Rand | Rand | Rand | | |
| Revenue | | | | | |
| Sale of goods | - | - | - | - | (Explanations to be recorded) |
| Sale of goods in agricultural activities | - | - | - | - | |
| Rendering of services | - | - | - | - | |
| Rendering of services in agricultural activities | - | - | - | - | |
| Property rates | 6 571 275 | 5 179 142 | 1 392 133 | 26,9 | |
| Service charges | 27 480 014 | 25 511 887 | 1 968 127 | 7,7 | |
| Levies | - | - | - | - | |
| Property rates - penalties imposed and collection charges | - | - | - | - | |
| Sales of housing | - | - | - | - | |
| Construction contracts | - | - | - | - | |
| Royalty income | - | - | - | - | |
| Rental of facilities and equipment | 357 737 | 602 500 | (244 763) | (40,6) | |
| Interest received (trading) | 265 387 | 600 000 | (334 613) | (55,8) | |
| Dividends received | - | - | - | - | |
| Income from agency services | - | - | - | - | |
| Public contributions and donations | - | - | - | - | |
| Fines | 96 430 | - | 96 430 | - | |
| Licences and permits | 1 100 | 1 000 | 100 | 10,0 | |
| Government grants & subsidies | - | - | - | - | |
| Municipal Revenue UD1 | - | - | - | - | |
| Municipal Revenue UD2 | - | - | - | - | |
| Revenue 1 | - | - | - | - | |
| Revenue 2 | - | - | - | - | |
| Miscellaneous other revenue | - | - | - | - | |
| Administration and management fees received | - | - | - | - | |
| Fees earned | - | - | - | - | |
| Commissions received | - | - | - | - | |
| Royalties received | - | - | - | - | |
| Rental income | - | - | - | - | |
| Discount received | - | - | - | - | |
| Recoveries | - | - | - | - | |
| Fair value adjustment | - | - | - | - | |
| Other income | 532 588 | 704 500 | (171 912) | (24,4) | |
| Other income | - | - | - | - | |
| Other income | - | - | - | - | |
| Other farming income 1 | - | - | - | - | |
| Other farming income 2 | - | - | - | - | |
| Other farming income 3 | - | - | - | - | |
| Other farming income 4 | - | - | - | - | |
| Other farming income | - | - | - | - | |
| Government grants | 86 271 479 | 56 871 000 | 29 400 479 | 51,7 | |
| Interest received - investment | 758 710 | 610 000 | 148 710 | 24,4 | |

Tswelopele Local Municipality
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

| | Forecast # 1 2012 Act. Bal. | Current year 2011 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|--------------------------------|--|--|---------------------|--|
| Interest received - other | - | - | - | - |
| Dividends received | 69 042 | 50 000 | 19 042 | 38,1 |
| | 122 403 762 | 90 130 029 | 32 273 733 | 35,8 |
| Expenses | | | | |
| Personnel | (30 899 796) | (34 643 646) | 3 743 850 | (10,8) |
| Manufacturing - | - | - | - | - |
| Employee costs | - | - | - | - |
| Remuneration of | (3 670 373) | (4 047 774) | 377 401 | (9,3) |
| councillors | - | - | - | - |
| Administration | - | - | - | - |
| Transfer payments | - | - | - | - |
| Depreciation | (31 499 158) | - | (31 499 158) | - |
| Impairment | - | - | - | - |
| Amortisation | - | - | - | - |
| Impairments | - | - | - | - |
| Reversal of impairments | - | - | - | - |
| Finance costs | (1 998 096) | (2 339 700) | 341 604 | (14,6) |
| Debt impairment | (6 260 335) | 2 500 500 | (8 760 835) | (350,4) |
| Collection costs | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - Manufacturing expenses | - | - | - | - |
| Repairs and maintenance | (5 503 662) | (5 965 660) | 461 998 | (7,7) |
| - General | - | - | - | - |
| Repairs and maintenance | - | - | - | - |
| - General | - | - | - | - |
| Bulk purchases | (23 281 098) | (20 542 400) | (2 738 698) | 13,3 |
| Contracted Services | - | - | - | - |
| Grants and subsidies paid | - | - | - | - |
| Cost of housing sold | - | - | - | - |
| General Expenses | (18 607 678) | (19 568 487) | 960 809 | (4,9) |
| Fair value adjustment | (2 562 000) | - | (2 562 000) | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| Other (taken out of | - | - | - | - |
| General expenses) | - | - | - | - |
| | (124 282 196) | (84 607 167) | (39 675 029) | 46,9 |
| Other revenue and costs | | | | |
| Gain or loss on disposal | - | - | - | - |
| of assets and liabilities | - | - | - | - |
| Gain or loss on exchange | - | - | - | - |
| differences | - | - | - | - |
| Fair value adjustments | - | - | - | - |
| Gains or losses on | (250 420) | - | (250 420) | - |
| biological assets and | - | - | - | - |
| agricultural produce | - | - | - | - |
| Income from equity | - | - | - | - |
| accounted investments | - | - | - | - |

Tswelopele Local Municipality
Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

| | Forecast # 1 2012 Act. Bal. | Current year 2011 Adjusted budget | Variance | Explanation of Significant Variances greater than 10% versus Budget |
|--|-----------------------------------|--|-------------|--|
| Gain or loss on disposal of non-current assets held for sale or disposal groups | - | - | - | - |
| Taxation | - | - | - | - |
| Discontinued operations | - | - | - | - |
| | (250 420) | - | (250 420) | - |
| Net surplus/ (deficit) for the year | (2 128 854) | 5 522 862 | (7 651 716) | (138,5) |

Tswelopele Local Municipality
Appendix E(2)

**Budget Analysis of Capital Expenditure as at 30 June
2012**

| | Additions | Revised | Variance | Variance | Explanation of significant |
|--|------------------|----------------|-----------------|-----------------|-----------------------------------|
| | Rand | Budget | Rand | % | variances from budget |
| | | Rand | | | |
| Municipality | | | | | |
| Executive & Council/Mayor and Council | 5 498 | 5 498 | - | - | |
| Finance & Admin/Finance | 15 611 | 15 611 | - | - | |
| Planning and Development/Economic Development/Plan | - | - | - | - | |
| Health/Clinics | - | - | - | - | |
| Comm. & Social/Libraries and archives | - | - | - | - | |
| Housing | - | - | - | - | |
| Public Safety/Police | - | - | - | - | |
| Sport and Recreation | - | - | - | - | |
| Environmental Protection/Pollution Control | 39 166 | 39 166 | - | - | |
| Waste Water Management/Sewerage | - | - | - | - | |
| Road Transport/Roads | 572 137 | 572 137 | - | - | |
| Water/Water Distribution | - | - | - | - | |
| Electricity /Electricity Distribution | - | - | - | - | |
| Other/Air Transport | - | - | - | - | |
| | - | - | - | - | |
| | - | - | - | - | |
| | - | - | - | - | |
| | 632 412 | 632 412 | - | - | |
| Municipal Owned Entities | - | - | - | - | |
| Other charges | - | - | - | - | |

Tswelopele Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|-------------------------------------|--|--------------------|-----|-----|--------|-----------------------|--------|--------|--------|--------|---|--------|-----|-----|-----|-----|---------------------------------------|--|--------------------------|
| | | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | | | |
| Equitable Share | | - | - | - | 33 000 | - | 33 250 | 33 250 | 33 250 | 33 250 | - | - | - | - | - | - | | No | |
| Financial Management Grant | | - | - | - | 50 000 | - | 62 500 | 62 500 | 62 500 | 62 500 | - | - | - | - | - | - | | No | |
| Lotto Grant | | - | - | - | - | - | 77 785 | 77 785 | 77 785 | 77 785 | - | 11 139 | - | - | - | - | | No | |
| Municipal Systems Improvement Grant | | - | - | - | 40 000 | - | 10 000 | 10 000 | 10 000 | 10 000 | - | - | - | - | - | - | | No | |
| Municipal Infrastructure Grant | | - | - | - | 15 000 | - | 53 750 | 53 750 | 53 750 | 53 750 | - | - | - | - | - | - | | No | |
| Skills Development Grant | | - | - | - | 89 210 | - | - | - | - | - | - | - | - | - | - | - | | No | |
| Lotto Grant | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | No | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | No | |
| | | - | - | - | 27 210 | - | 29 785 | 37 285 | 37 285 | 37 285 | - | 11 139 | - | - | - | - | | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.